## Kentucky Retirement Systems Summary Prepared for

**Blue Ribbon Commission on Public Employees Retirement Benefits** 

## 1. When Is A Member Eligible to Retire?

## **Background**

Retirement eligibility is dependent upon the member's age, service credit, and type of service (non-hazardous or hazardous). For members participating prior to August 1, 2004, the amount of service credit used to determine retirement eligibility includes current service, prior service, purchased service, and sick leave service. For members participating on or after August 1, 2004, the amount of service credit used to determine retirement eligibility includes current service and sick leave service but does not include purchased service, with the exception of Recontribution of Refunded Service and Omitted Service.

## **Non-Hazardous Members**

For Non-Hazardous members, the requirements for Normal Retirement are:

A non-hazardous member, age 65 or older, with at least 1 month of service credit may elect to receive a benefit for life that is an actuarial equivalent to twice the member's contributions and interest.

A non-hazardous member, age 65 or older, with at least 48 months of service credit is eligible to receive an unreduced monthly benefit for life based on the member's salary and service credit.

For Non-Hazardous members, the requirements for Early Retirement are:

A non-hazardous member with 27 or more years of service credit can retire at any time with no reduction in benefits.

A non-hazardous member with at least 25, but less than 27 years of service credit, may retire at any time, prior to age 65, with a reduction in benefits.

A non-hazardous member, age 55, with at least 5 years of service credit may retire with a reduction in benefits.

If a non-hazardous member is eligible for a reduced benefit, the amount of reduction will depend upon the member's age or years of service at retirement. The following chart shows the reductions for age or service.

Years to Attain Age 65 or 27 Years of Service (Whichever is Less) % of Non-Hazardous Benefit Paid								
1 Year 93.5% 6 Years 63%								
2 Years	87%	7 Years	58.5%					
3 Years	80.5%	8 Years	54%					
4 Years	74%	9 Years	49.5%					
5 Years	67.5%	10 Years	45%					

## **EXAMPLE**

A member has 25 years of service and is age 55. If the member chooses to retire, his/her benefit will be reduced to 87% (6.5% for each year away from 27 years of service).

## **Hazardous Members**

For Hazardous members, the requirements for **Normal Retirement** are:

A hazardous member, age 55 or older, with at least 1 month of hazardous duty service credit may elect to receive a benefit for life that is an actuarial equivalent to twice the member's contributions and interest.

A hazardous member, age 55 or older, with at least 60 months hazardous duty service credit is eligible to receive an unreduced benefit based on the member's salary and service.

For Hazardous members, the requirements for Early Retirement are:

A hazardous member with 20 or more years of service credit may retire at any time with no reduction in benefits.

A hazardous member, age 50, with at least 15 or more years of service credit may retire with a reduction in benefits.

If a hazardous duty member is eligible for a reduced benefit, the amount of reduction will depend upon the member's age or years of service at retirement. The following chart shows reductions for age or service.

Years to Attain Age 55 or 20 Years of Service (Whichever is Less) % of Hazardous Benefit Paid							
1 Year	93.5%						
2 Years	87%						
3 Years	80.5%						
4 Years	74%						
5 Years	67.5%						

## **EXAMPLE**

A member has 18 years of service and is age 52. If the member chooses to retire, his/her benefit will be reduced to 87.0% (6.5% for each year away from 20 years of service).

## 2. How Are Retirement Benefits Determined?

The three systems administered by the Systems are qualified defined benefit plans. A defined benefit plan pays benefits based on a formula. The formula for calculation of benefits is:

l Compensation	on X Benefit Fac	ctor X Years of S	ervice Credit =	Annual Benefit
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### **Final Compensation**

By definition, Final Compensation is the average of the five (5-High) or three (3-High) fiscal years during which the member had the highest monthly average salary. Final Compensation is determined by dividing the total salary earned during the period (5-High or 3-High) by the total months worked during the period and then multiplying by twelve (to annualize the value).

If the Final Compensation is based on the 5-High, it must include at least 48 months and a minimum of five fiscal years. When Final Compensation is based on the 3-High, it must include at least 24 months and a minimum of three fiscal years.

In both cases, if the years with the highest monthly average (5-High or 3-High) do not contain the minimum number of months required (48 months or 24 months), additional years must be added into the Final Compensation until the minimum number of months required has been obtained.

The fiscal years do not have to be consecutive, although for most members, the last years are generally the years of highest earnings.

*Non-Hazardous members* may qualify for either a 5-High or 3-High Final Compensation calculation. In order to qualify for 3-High Final Compensation, a non-hazardous member must meet all of the following:

- 1. You must have a minimum 27 years of service credit.
- 2. Your age + service credit must equal at least 75 years.

  Example: Member is 48 years of age and has 27 years of service credit. This would total to 75 years of age and service credit.
- 3. You must retire between August 1, 2001 and January 1, 2009.

Non-Hazardous members who do not meet the criteria for 3-High Final compensation qualify for 5-High Final Compensation. *Hazardous member* retirement benefits are based upon 3-High Final Compensation only.

EXAMPLE									
John Doe is a non-hazardous employee and is planning to retire August 1, 2008. John's Final Compensation under 5-High Final Comp and 3-High Final Comp (if he would be eligible) for this retirement date is listed below.									
	High-5 Final Compensation High-3 Final Compensation								
Fiscal Year	Salary	Months	Salary	Months					
2007-2008	\$2,625.00	1	\$2,625.00	1					
2006-2007	\$30,000.00	12	\$30,000.00	12					
2005-2006	\$28,500.00	12	\$28,500.00	12					
2004-2005	\$27,000.00	12							
2003-2004	\$25,500.00	\$25,500.00 12							
TOTAL:	\$113,625.00	49	\$61,125.00	25					
	\$113,625.00 ÷ 4 (to annual	19 Months X 12 ize value)	\$61,125.00 ÷ 25 Months X 12 (to annualize value)						
Final Compensation:	\$27,8	26.53	\$29,3	40.00					

### **Benefit Factors**

Benefit factors for each retirement system (KERS, CERS, and SPRS) are set by state statute. Benefit factors are different for each retirement system and vary depending upon the type of service (hazardous/non-hazardous), the amount of service, and in some cases the timing of the service and/or retirement date.

Non-Hazardous Member Benefit Factors							
KERS is 1.97% - IF: Member does not have 13 months credit for 1/1/1998 – 1/1/1999.							
KERS is 2.0% - IF: Member has 13 months credit for 1/1/1998 – 1/1/1999.							
KERS is 2.2% - IF	Member has 20 or more years of service credit including 13 months service credit for $1/1/1998 - 1/1/1999$ and has an effective retirement date between $2/1/1999$ and $1/1/2009$ .						
CERS is 2.2% -IF:	Member participated prior to August 1, 2004.						
CERS is 2.0% - IF:	Member's participation is on or after August 1, 2004.						

Hazardous Member Benefit Factors						
Only those KERS and CERS members participating in a bus duty position approved by the Systems' Board of Trustees lible for hazardous duty benefits.						

## **EXAMPLE BENEFIT CALCULATION**

John Doe works in a non-hazardous position for an agency participating in CERS. He is retiring August 1, 2008 with a Final Compensation of \$29,340.00 and 27 years of service credit. If John meets the requirements for 3-High, the retirement formula is as follows:

Final Compensation	X	Benefit Factor	X	Years of Service Credit	=	Annual Benefit
\$29,340.00	X	2.20%	X	27 Years		\$17,427.96 per year/ 12 = \$1,452.33 per month for the Basic payment option

If John did not meet the requirements for 3-High and benefits were based on his 5-High Final Compensation, the retirement formula is as follows:

Find Compens		X	Benefit Factor	X	Years of Service Credit	II	Annual Benefit
\$27,82	6.53	X	2.20%	X	27 Years	III	\$16,528.96 per year/ 12 = \$1,377.41 per month

The following scenarios are provided to give an example of how a benefit could be impacted by various factors.

## **EXAMPLE 1** – Assumes no service purchase, no sick leave, and no compensatory time.

Jane Doe began employment at Age 22, worked for 27 years, and at Age 49 decided to retire.

		Januar	324 months total service			
		Fiscal Year	Salary		Months	
		2008 - 2009		\$25,000.00		6
		2007 - 2008		\$45,000.00		12
		2006 - 2007		\$40,000.00		12
		TOTAL		\$110,000.00		30
	\$110,000.00 ÷ 30 Months X 12 (to annualize value) = \$44,000.00 Final Compensation					
Final	v	Dan of t Easter	v	Years of Service		Annual Panafit

Final Compensation	X	Benefit Factor	X	Years of Service Credit	=	Annual Benefit
\$44,000.00	X	2.20%	X	27	=	\$26,136.00 per year/ 12 = <b>\$2,178.00</b> per month for the Basic payment option

#### **EXAMPLE 2** – Assumes Jane has accumulated 12 months of sick leave

Jane Doe began employment at Age 22, worked for 27 years, and at Age 49 decided to retire.

January 1, 20	324 months total service + 12 months of sick leave	
Fiscal Year	Salary	Months
2008 – 2009	\$25,000.00	6
2007 – 2008	\$45,000.00	12
2006 - 2007	\$40,000.00	12
TOTAL	\$110,000.00	30

 $110,000.00 \div 30$  Months X 12 (to annualize value) = 44,000.00 Final Compensation

Final Compensation	X	Benefit Factor	X	Years of Service Credit	=	Annual Benefit
\$44,000.00	X	2.20%	X	28	=	\$27,104.00 per year/ 12 = <b>\$2,258.66</b> per month for the Basic payment option

## **EXAMPLE 3** – Assumes Jane has accumulated 12 months of sick leave and 240 hours of compensatory time, which resulted in a payout of \$6,172.07.

Jane Doe began employment at Age 22, worked for 27 years, and at Age 49 decided to retire.

January 1, 20	324 months total service + 12 months of sick leave and 240 hours of compensatory time	
Fiscal Year	Salary	Months
2008 – 2009	\$31,172.00	6
2007 – 2008	\$45,000.00	12
2006 - 2007	\$40,000.00	12
TOTAL	\$116,172.00	30

\$116,172.00 ÷ 30 Months X 12 (to annualize value) = \$46,468.80 Final Compensation

Final Compensation	X	Benefit Factor	X	Years of Service Credit	=	Annual Benefit
\$46,468.80	X	2.20%	X	28	Ш	\$28,624.78 per year/ 12 = <b>\$2,385.40</b> per month for the Basic payment option

## 3. Cost of Living Adjustment for Retirees

The 1996 General Assembly enacted an automatic cost of living adjustment ("COLA") provision for all recipients of the Systems' benefits. Each year in July, a recipient's retirement allowance is increased by the average annual increase in the Consumer Price Index ("CPI") for all urban consumers for the preceding calendar year. The CPI is announced in January by the U.S. Department of Labor, Bureau of Statistics.

The COLA is given automatically. However, the General Assembly has the authority to reduce, suspend or eliminate the COLA in the future. The COLA is not a guaranteed benefit.

WHAT ACTIONS HAVE ALREADY BEEN TAKEN TO ADDRESS THESE ISSUES?				
ITEM	PROVISIONS PRIOR TO LEGISLATION ENACTED IN 2004 GENERAL ASSEMBLY	PROVISIONS AFTER TO LEGISLATION ENACTED IN 2004 GENERAL ASSEMBLY		
Purchases	Most service purchases count toward determining retirement eligibility and insurance benefits at retirement.	• Service purchases made by current and future employees on or after August 1, 2004 do not count toward vesting for insurance benefits. Exceptions: Recontribution of Refund and Omitted.		
		Service purchases made by employees hired on or after August 1, 2004 do not apply toward vesting for retirement benefits. Exceptions: Recontribution of Refund and Omitted.		
Insurance	Non-Hazardous & Hazardous	Non-Hazardous		
Benefits Pe	Percentage of monthly contribution rate adopted by the Board:	• Employees hired on or after July 1, 2003 earn \$10 per month for insurance benefits at retirement for each year of earned service without regard to a maximum dollar amount.		
	<ul> <li>0-4 years: 0% paid</li> <li>4–9 years: 25% paid</li> <li>10–14 years: 50% paid</li> <li>15–19 years: 75% paid</li> <li>20 years: 100% paid</li> </ul> Employees hired after July 1, 2003 must have 10 years of service credit in order to participate in the insurance program.	<ul> <li>Employees hired on or after July 1, 2003 earn \$15 per month for insurance benefits at retirement for each year of earned service without regard to a maximum dollar amount. Spouses receive \$10 per month for insurance benefits for each year of earned service after the employee's death.</li> </ul>		
	Hazardous Only	Other Components		
	If the hazardous member has a spouse and/or dependent children, KRS may also pay a portion of the monthly contribution towards a couple, parent plus, or family coverage plan. The portion paid toward couple, parent plus, or family coverage is based solely on the amount of service the member has in an approved hazardous position.	<ul> <li>The dollar amount paid each is tied to the retiree COLA which adjusts annually due to changes in the CPI for all urban consumers.</li> <li>Employees are required to have 10 years of earned service at retirement in order to be eligible to receive insurance benefits.</li> <li>Insurance benefits for these employees are not covered under the inviolable contract.</li> </ul>		

## **Benefit Factor**

#### Non-hazardous

- KERS: 1.97% or
  - for members employed 1/1998 through 1/1999: 2% or
  - for members employed 1/1998 through 1/1999 who retire between 2/1999 1/2009 with 20+ years of service: 2.2%.
- CERS: 2.2%

#### Hazardous

KERS: 2.49% CERS: 2.50%

SPRS: 2.50%

#### Non-hazardous

- CERS employees hired on or after August 1, 2004 receive a benefit factor of 2.0% (reduced from 2.2%).
- No changes to benefit factors for the other retirement systems.

## Disability Benefits (Not in the line of duty)

#### Non-Hazardous

- Benefit calculated as normal retirement with double employee's actual service not to exceed 25 years, except an employee with 25 years has service increased to 27 years
- Not eligible if entitled to unreduced benefit (age 65 or 27 years of service);

#### Hazardous

## Disability Benefits (Not in the line of duty)

- Benefit calculated as normal retirement with double employee's actual service not to exceed 20 years;
- not eligible if entitled to unreduced benefit (age 55 or 20 years of service);
- may be "hazardous" disability
  which is any condition which
  prevents employee from performing
  the duties of a hazardous member
  but still capable of performing work
  in a non-hazardous position or may
  be "total and permanent"

### Non-hazardous

• Employees hired on or after August 1, 2004 receive a benefit calculated as normal retirement with employee receiving higher of 20% Final Rate of Pay or benefit based upon actual service with no penalty.

#### Hazardous

• Employees hired on or after August 1, 2004 receive a benefit calculated as normal retirement with employee receiving higher of 25% Final Rate of Pay or benefit based upon actual service with no penalty.

# 2007 Blue Ribbon Commission on Public Employee Retirement Systems Health Benefits Work Group

## KRS MEDICARE ELIGIBLE PLAN BENEFITS TABLE

Retires = 25924 Spouses/Adult Handicapped Children = 5516 Total Participants = 31440 (most recent data transfer) Projections per year growth 6-7000 members/year (over 65) Members by System KERS: 14756 CERS: 16291 SpRS: 3933 Total: 31440 Waived Coverage: 12,000 All products self-insured TPA-Fiserv Health PBM-Walgreens Health Initiatives  PBM-Walgreens Health Initiatives  PPM-Walgreens Health Initiatives  Pharmacy Utilization Rates (2007) Generic Efficiency Rate - 98% Generic Dispensing Rate - 62.4% Demographics 71.5 (eyears of age 3% Male/62% Female Fiscal Year 2007 - Projected \$51 million total Drug Fiscal Year 2007 - Projected \$73 million total Calendar Year 2008- (No changes, except \$1 Medical Only increase) \$144/month, \$1728/year Medical Only Plan \$280/month, \$3120/year Premium Plan Calendar Year 2006- (6.34%, premium decrease) \$143/month, \$1716/year Medical Only Plan \$232/month, \$3120/year Premium Plan Calendar Year 2006- (6.34%, premium decrease) \$143/month, \$1716/year Medical Only Plan \$232/month, \$3248/year Premium Plan Calendar Year 2006- (6.34%, premium decrease) \$143/month, \$1716/year Medical Only Plan \$232/month, \$3210/year Premium Plan Calendar Year 2006- (6.34%, premium decrease) \$143/month, \$1716/year Medical Only Plan \$232/month, \$3210/year Premium Plan  *Medical benefits apply to Medicare-covered services only and assume physician accepts Medical and Medicare assimment.	KRS(KERS, CERS, SPRS)	
Total Participants – 31440 (most recent data transfer) Projections per year growth 6-7000 members/year across all plans (under 65), 500-1000 members/year (over 65)  Members by System KERS: 14756 CERS: 16291 SPRS: 393 Total: 31440 Waived Coverage: 12,000 All products self-insured TPA-Fiserv Health PBM-Walgreens Health Initiatives  Medical PBM-Walgreens Health Initiatives  Medical Projected \$51 million plan cost/\$9.1 million member cost Fiscal Year 2006 - \$39.6 million plan cost/\$1 million member cost Fiscal Year 2007 – Projected \$57 million total  Try Fiscal Year 2006 - \$51.9 million plan cost/\$1 million member cost Fiscal Year 2007 – Projected \$73 million total  Calendar Year 2008 - (No changes, except \$1 Medical Only increase) \$144/month, \$1728/year Medical Only Plan \$329/month, \$3120/year Plus Plan \$329/month, \$3120/year Premium Plan Calendar Year 2006- (6.34% premium decrease) \$143/month, \$1716/year Medical Only Plan \$220/month, \$1716/year Medical Only Plan \$220/month, \$1716/year Medical Only Plan \$220/month, \$1716/year Medical Only Plan \$2329/month, \$1716/year		Fiscal Year 2006 –
Frojections per year growth 6-7000 members/year across all plans (under 65), 500-1000 members/year (over 65)	Spouses/Adult Handicapped Children – 5516	Administrative Cost
Walgreens-\$1 million	Total Participants – 31440 (most recent data transfer)	
Members by System   KERS: 14756   Fiscal Year 2006 Medical Trend – 5% Total   Fiscal Year 2006 Pharmacy Trend – 3.8% Total   Fiscal Year 2006 Pharmacy Trend – 3.8% Total   Fiscal Year 2007 Pharmacy Trend – 3.8% Total   Fiscal Year 2007 Pharmacy Trend – 0.1%   Fiscal Year 2007 Pharmacy Trend – 0.1%   Fiscal Year 2007 Pharmacy Trend – 5.0%	Projections per year growth 6-7000 members/year across all plans	Fiserv-\$4 million
KERS: 14756 CERS: 16291 SPRS: 3933 Total: 31440 Maived Coverage: 12,000 All products self-insured TPA-Fiserv Health PBM-Walgreens Health Initiatives  Medical Fiscal Year 2006 + \$39.6 million plan cost/\$9.1 million member cost Fiscal Year 2007 - Projected \$51 million plan cost/\$17 million member cost Fiscal Year 2006 - \$51.9 million plan cost/\$17 million member cost Fiscal Year 2006 - \$51.9 million plan cost/\$17 million member cost Fiscal Year 2006 - \$51.9 million plan cost/\$17 million member cost Fiscal Year 2007 - Projected \$73 million total  Calendar Year 2008- (No changes, except \$1 Medical Only increase) \$143/month, \$1728/year Medical Only Plan \$280/month, \$3120/year Plus Plan \$329/month, \$3948/year Premium Plan Calendar Year 2006- (6.34% premium decrease) \$143/month, \$1716/year Medical Only Plan \$239/month, \$3948/year Premium Plan Calendar Year 2006- (6.34% premium decrease) \$143/month, \$1716/year Medical Only Plan \$237/month, \$204/year Plus Plan \$237/month, \$2844/year Plus Plan \$237/month, \$2844/year Plus Plan \$237/month, \$716/year Medical Only Plan \$237/month, \$726/year Plus Plan \$237/month, \$726/year	(under 65), 500-1000 members/year (over 65)	Walgreens-\$1 million
CERS: 16291 SPRS: 393 Total: 31440 Waived Coverage: 12,000 All products self-insured TPA-Fiser Velatth PBM-Walgreens Health Initiatives  Medical Fiscal Year 2006 - \$39.6 million plan cost/\$9.1 million member cost Fiscal Year 2007 - Projected \$51 million total Drug Fiscal Year 2007 - Projected \$73 million total Calendar Year 2007 - Projected \$73 million total Space Medical Only Plan Space	Members by System	
SPRS: 393 Total: 31440 Waived Coverage: 12,000 All products self-insured TPA-Fiserv Health PBM-Walgreens Health Initiatives  Medical Fiscal Year 2006 - \$39.6 million plan cost/\$9.1 million member cost Fiscal Year 2007 - Projected \$51 million plan cost/\$17 million member cost Fiscal Year 2006 - \$31.9 million plan cost/\$17 million member cost Fiscal Year 2006 - \$73 million plan cost/\$18 million total  Calendar Year 2008 - (No changes, except \$1 Medical Only increase) \$144/month, \$1728/year Medical Only Plan \$280/month, \$3120/year Plus Plan \$329/month, \$3120/year Plus Plan \$239/month, \$3120/year Plus Plan \$239/month, \$3120/year Plus Plan \$239/month, \$3120/year Plus Plan \$237/month, \$176/year Medical Only Plan \$237/month, \$176/year Plus Plan \$310/month, \$176/year Plus Plan \$310/month, \$176/year Plus Plan \$310/month, \$2844/year Plus Plan \$310/month, \$3720/year Premium Plan  * Medical benefits apply to Medicare-covered services only and assume physician	<b>KERS</b> : 14756	Fiscal Year 2006 Medical Trend – 5% Total
Total: 31440  Waived Coverage: 12,000  All products self-insured  TPA-Fiserv Health  PBM-Walgreens Health Initiatives  Medical Fiscal Year 2007 Medical Trend- 5.0%  Pharmacy Utilization Rates (2007) Generic Efficiency Rate – 98% Generic Dispensing Rate – 62.4%  Medical Fiscal Year 2006 - \$39.6 million plan cost/\$9.1 million member cost Fiscal Year 2007 — Projected \$51 million total  Drug Fiscal Year 2007 — Projected \$51 million plan cost/\$17 million member cost Fiscal Year 2007 — Projected \$73 million total  Calendar Year 2007 — Projected \$73 million total  Calendar Year 2008 - (No changes, except \$1 Medical Only increase) \$144/month, \$1728/year Medical Only Plan \$280/month, \$3948/year Premium Plan Calendar Year 2007 — (5% premium increase) \$143/month, \$1716/year Medical Only Plan \$250/month, \$3948/year Premium Plan Calendar Year 2006 - (6.34% premium decrease) \$143/month, \$1716/year Medical Only Plan \$237/month, \$328/4/year Plus Plan \$237/month, \$328/4/year Plus Plan \$237/month, \$328/4/year Plus Plan \$237/month, \$3720/year Plus Plan \$331/month, \$3720/year Plus Plan \$321/month, \$3720/year Plus Plan \$331/month, \$3720/year Plus Plan \$331/month, \$3720/year Plus Plan \$331/month, \$3720/year Plus Plan \$331/month, \$3720/year Premium Plan  * Medical benefits apply to Medicare-covered services only and assume physician	<b>CERS</b> : 16291	Fiscal Year 2006 Pharmacy Trend– 3.8% Total
Waived Coverage: 12,000   Fiscal Year 2007 Medical Trend- 5.0%	<b>SPRS</b> : 393	·
All products self-insured  TPA-Fiserv Health PBM-Walgreens Health Initiatives  Medical Fiscal Year 2006 - \$39.6 million plan cost/\$9.1 million member cost Fiscal Year 2007 – Projected \$51 million total Drug Fiscal Year 2006 - \$51.9 million plan cost/\$17 million member cost Fiscal Year 2007 – Projected \$73 million total  Calendar Year 2008- (No changes, except \$1 Medical Only increase) \$144/month, \$1728/year Medical Only Plan \$329/month, \$3948/year Premium Plan Calendar Year 2007 – (5% premium increase) \$143/month, \$1716/year Medical Only Plan \$329/month, \$3120/year Plus Plan \$329/month, \$3120/year Medical Only Plan \$329/month, \$32844/year Pus Plan \$329/month, \$3120/year Medical Only Plan \$329/month, \$3720/year Medical Only Plan \$329/month, \$32844/year Premium Plan Calendar Year 2006 - (6.34% premium decrease) \$143/month, \$1716/year Medical Only Plan \$323/month, \$3720/year Premium Plan Calendar Year 2006 - (6.34% premium decrease) \$143/month, \$1716/year Medical Only Plan \$323/month, \$3720/year Premium Plan  * Medical benefits apply to Medicare-covered services only and assume physician	<b>Total</b> : 31440	Fiscal Year 2007 Pharmacy Trend - 0.1%
Pharmacy Utilization Rates (2007)   Generic Efficiency Rate - 98%	Waived Coverage: 12,000	
PBM-Walgreens Health Initiatives   Generic Efficiency Rate – 98%   Generic Dispensing Rate – 62.4%	All products self-insured	
Generic Dispensing Rate – 62.4%	TPA-Fiserv Health	Pharmacy Utilization Rates (2007)
Demographics	PBM-Walgreens Health Initiatives	Generic Efficiency Rate – 98%
Fiscal Year 2006 - \$39.6 million plan cost/\$9.1 million member cost Fiscal Year 2007 – Projected \$51 million total  Drug Fiscal Year 2006 - \$51.9 million plan cost/\$17 million member cost Fiscal Year 2007 – Projected \$73 million total  Calendar Year 2008- (No changes, except \$1 Medical Only increase) \$144/month, \$1728/year Medical Only Plan \$226/month, \$3120/year Plus Plan \$329/month, \$3120/year Medical Only Plan \$260/month, \$3176/year Medical Only Plan \$260/month, \$3110/year Medical Only Plan \$260/month, \$3120/year Plus Plan \$329/month, \$3120/year Premium Plan  Calendar Year 2006 - (6.34% premium decrease) \$143/month, \$1716/year Medical Only Plan \$237/month, \$2844/year Plus Plan \$237/month, \$2844/year Plus Plan \$3310/month, \$3720/year Premium Plan  * Medical Denefits apply to Medicare-covered services only and assume physician		Generic Dispensing Rate – 62.4%
Fiscal Year 2007 – Projected \$51 million total  Drug Fiscal Year 2006 - \$51.9 million plan cost/\$17 million member cost Fiscal Year 2007 – Projected \$73 million total  Calendar Year 2008- (No changes, except \$1 Medical Only increase) \$144/month, \$1728/year Medical Only Plan \$260/month, \$3120/year Plus Plan \$329/month, \$3948/year Premium Plan  Calendar Year 2007 – (5% premium increase) \$143/month, \$1716/year Medical Only Plan \$260/month, \$3120/year Plus Plan \$260/month, \$3120/year Plus Plan \$260/month, \$3120/year Premium Plan  Calendar Year 2006- (6.34% premium decrease) \$143/month, \$1716/year Medical Only Plan \$237/month, \$2844/year Plus Plan \$237/month, \$2844/year Plus Plan \$310/month, \$3720/year Premium Plan  * Medical benefits apply to Medicare-covered services only and assume physician	<u>Medical</u>	Demographics
Drug Fiscal Year 2006 - \$51.9 million plan cost/\$17 million member cost Fiscal Year 2007 - Projected \$73 million total  Calendar Year 2008- (No changes, except \$1 Medical Only increase) \$144/month, \$1728/year Medical Only Plan \$260/month, \$3120/year Plus Plan \$329/month, \$3948/year Premium Plan  Calendar Year 2007 - (5% premium increase) \$143/month, \$1716/year Medical Only Plan \$260/month, \$3120/year Plus Plan \$260/month, \$3120/year Premium Plan  Calendar Year 2006- (6.34% premium decrease) \$143/month, \$1716/year Medical Only Plan \$329/month, \$1716/year Medical Only Plan \$3237/month, \$2844/year Plus Plan \$3237/month, \$2844/year Plus Plan \$310/month, \$3720/year Premium Plan  * Medical benefits apply to Medicare-covered services only and assume physician	Fiscal Year 2006 - \$39.6 million plan cost/\$9.1 million member cost	72.6 years of age
Fiscal Year 2006 - \$51.9 million plan cost/\$17 million member cost Fiscal Year 2007 - Projected \$73 million total  Calendar Year 2008- (No changes, except \$1 Medical Only increase) \$144//month, \$1728/year Medical Only Plan \$260/month, \$3120/year Plus Plan \$329/month, \$3948/year Premium Plan Calendar Year 2007 - (5% premium increase) \$143/month, \$1716/year Medical Only Plan \$260/month, \$3120/year Plus Plan \$260/month, \$3120/year Plus Plan \$329/month, \$3948/year Premium Plan Plus:\$250 Max OOP: \$1000 Premium:\$150 Max OOP: \$500  Calendar Year 2006- (6.34% premium decrease) \$143/month, \$1716/year Medical Only Plan \$237/month, \$2844/year Plus Plan \$310/month, \$3720/year Premium Plan  * Medical benefits apply to Medicare-covered services only and assume physician	Fiscal Year 2007 – Projected \$51 million total	Smoking status unknown for Medicare eligible population
Fiscal Year 2007 – Projected \$73 million total  Calendar Year 2008- (No changes, except \$1 Medical Only increase) \$144/month, \$1728/year Medical Only Plan \$260/month, \$3120/year Plus Plan \$329/month, \$3948/year Premium Plan  Calendar Year 2007 – (5% premium increase) \$143/month, \$1716/year Medical Only Plan \$260/month, \$3120/year Plus Plan \$260/month, \$3120/year Plus Plan \$260/month, \$3120/year Premium increase) \$143/month, \$3120/year Premium Plan Calendar Year 2006- (6.34% premium decrease) \$143/month, \$1716/year Medical Only Plan \$237/month, \$2844/year Plus Plan \$310/month, \$3720/year Premium Plan  * Medical benefits apply to Medicare-covered services only and assume physician	<u>Drug</u>	38% Male/62% Female
Calendar Year 2008- (No changes, except \$1 Medical Only increase) \$144/month, \$1728/year Medical Only Plan \$260/month, \$3120/year Plus Plan \$329/month, \$3948/year Premium Plan Calendar Year 2007 – (5% premium increase) \$143/month, \$1716/year Medical Only Plan \$260/month, \$3120/year Plus Plan \$260/month, \$3120/year Plus Plan \$260/month, \$3120/year Plus Plan \$260/month, \$3120/year Plus Plan \$329/month, \$3948/year Premium Plan Calendar Year 2006- (6.34% premium decrease) \$143/month, \$1716/year Medical Only Plan \$237/month, \$2844/year Plus Plan \$310/month, \$3720/year Premium Plan  * Medical benefits apply to Medicare-covered services only and assume physician	Fiscal Year 2006 - \$51.9 million plan cost/\$17 million member cost	
\$144/month, \$1728/year Medical Only Plan \$260/month, \$3120/year Plus Plan \$329/month, \$3948/year Premium Plan  Calendar Year 2007 – (5% premium increase) \$143/month, \$1716/year Medical Only Plan \$260/month, \$3120/year Plus Plan \$260/month, \$3120/year Plus Plan \$260/month, \$3120/year Premium Plan Plus:\$250 Max OOP: \$1000 Premium:\$150 Max OOP: \$500  Calendar Year 2006- (6.34% premium decrease) \$143/month, \$1716/year Medical Only Plan \$237/month, \$2844/year Plus Plan \$310/month, \$3720/year Premium Plan  * Medical benefits apply to Medicare-covered services only and assume physician	Fiscal Year 2007 – Projected \$73 million total	
\$260/month, \$3120/year Plus Plan \$329/month, \$3948/year Premium Plan  Calendar Year 2007 – (5% premium increase) \$143/month, \$1716/year Medical Only Plan \$260/month, \$3120/year Plus Plan \$260/month, \$3120/year Plus Plan \$329/month, \$3948/year Premium Plan  Calendar Year 2006- (6.34% premium decrease) \$143/month, \$1716/year Medical Only Plan \$237/month, \$2844/year Plus Plan \$310/month, \$3720/year Premium Plan  * Medical benefits apply to Medicare-covered services only and assume physician	Calendar Year 2008- (No changes, except \$1 Medical Only increase)	KRS/ In Network/Out of Network
\$329/month, \$3948/year Premium Plan  Calendar Year 2007 – (5% premium increase) \$143/month, \$1716/year Medical Only Plan \$260/month, \$3120/year Plus Plan \$329/month, \$3948/year Premium Plan  Plus:\$250 Max OOP: \$1000 Premium:\$150 Max OOP: \$500  Calendar Year 2006- (6.34% premium decrease) \$143/month, \$1716/year Medical Only Plan \$237/month, \$2844/year Plus Plan \$310/month, \$3720/year Premium Plan  * Medical benefits apply to Medicare-covered services only and assume physician	\$144/month, \$1728/year Medical Only Plan	Unlimited benefits*
Calendar Year 2007 – (5% premium increase) \$143/month, \$1716/year Medical Only Plan \$260/month, \$3120/year Plus Plan \$329/month, \$3948/year Premium Plan Calendar Year 2006- (6.34% premium decrease) \$143/month, \$1716/year Medical Only Plan \$237/month, \$2844/year Plus Plan \$310/month, \$3720/year Premium Plan  * Medical Only: \$131 Plus:\$250 Max OOP: \$1000 Premium:\$150 Max OOP: \$500  * Medical Only: \$131 Plus:\$250 Max OOP: \$1000 Premium:\$150 Max OOP: \$500	\$260/month, \$3120/year Plus Plan	
\$143/month, \$1716/year Medical Only Plan \$260/month, \$3120/year Plus Plan \$329/month, \$3948/year Premium Plan  Calendar Year 2006- (6.34% premium decrease) \$143/month, \$1716/year Medical Only Plan \$237/month, \$2844/year Plus Plan \$310/month, \$3720/year Premium Plan  * Medical Only: \$131 Plus:\$250 Max OOP: \$1000 Premium:\$150 Max OOP: \$500  * Medical Only: \$131 Plus:\$250 Max OOP: \$500	\$329/month, \$3948/year Premium Plan	Deductibles:
\$260/month, \$3120/year Plus Plan \$329/month, \$3948/year Premium Plan  Calendar Year 2006- (6.34% premium decrease) \$143/month, \$1716/year Medical Only Plan \$237/month, \$2844/year Plus Plan \$310/month, \$3720/year Premium Plan  * Medical benefits apply to Medicare-covered services only and assume physician	Calendar Year 2007 – (5% premium increase)	
\$329/month, \$3948/year Premium Plan  Calendar Year 2006- (6.34% premium decrease) \$143/month, \$1716/year Medical Only Plan \$237/month, \$2844/year Plus Plan \$310/month, \$3720/year Premium Plan  * Medical benefits apply to Medicare-covered services only and assume physician	\$143/month, \$1716/year Medical Only Plan	Medical Only: \$131
Calendar Year 2006- (6.34% premium decrease) \$143/month, \$1716/year Medical Only Plan \$237/month, \$2844/year Plus Plan \$310/month, \$3720/year Premium Plan  * Medical benefits apply to Medicare-covered services only and assume physician	\$260/month, \$3120/year Plus Plan	
\$143/month, \$1716/year Medical Only Plan \$237/month, \$2844/year Plus Plan \$310/month, \$3720/year Premium Plan  * Medical benefits apply to Medicare-covered services only and assume physician		Premium:\$150 Max OOP: \$500
\$237/month, \$2844/year Plus Plan \$310/month, \$3720/year Premium Plan  * Medical benefits apply to Medicare-covered services only and assume physician	Calendar Year 2006- (6.34% premium decrease)	
\$310/month, \$3720/year Premium Plan  * Medical benefits apply to Medicare-covered services only and assume physician	\$143/month, \$1716/year Medical Only Plan	
* Medical benefits apply to Medicare-covered services only and assume physician		
	\$310/month, \$3720/year Premium Plan	
accepts Medicare and Medicare assignment.		
		accepts Medicare and Medicare assignment.